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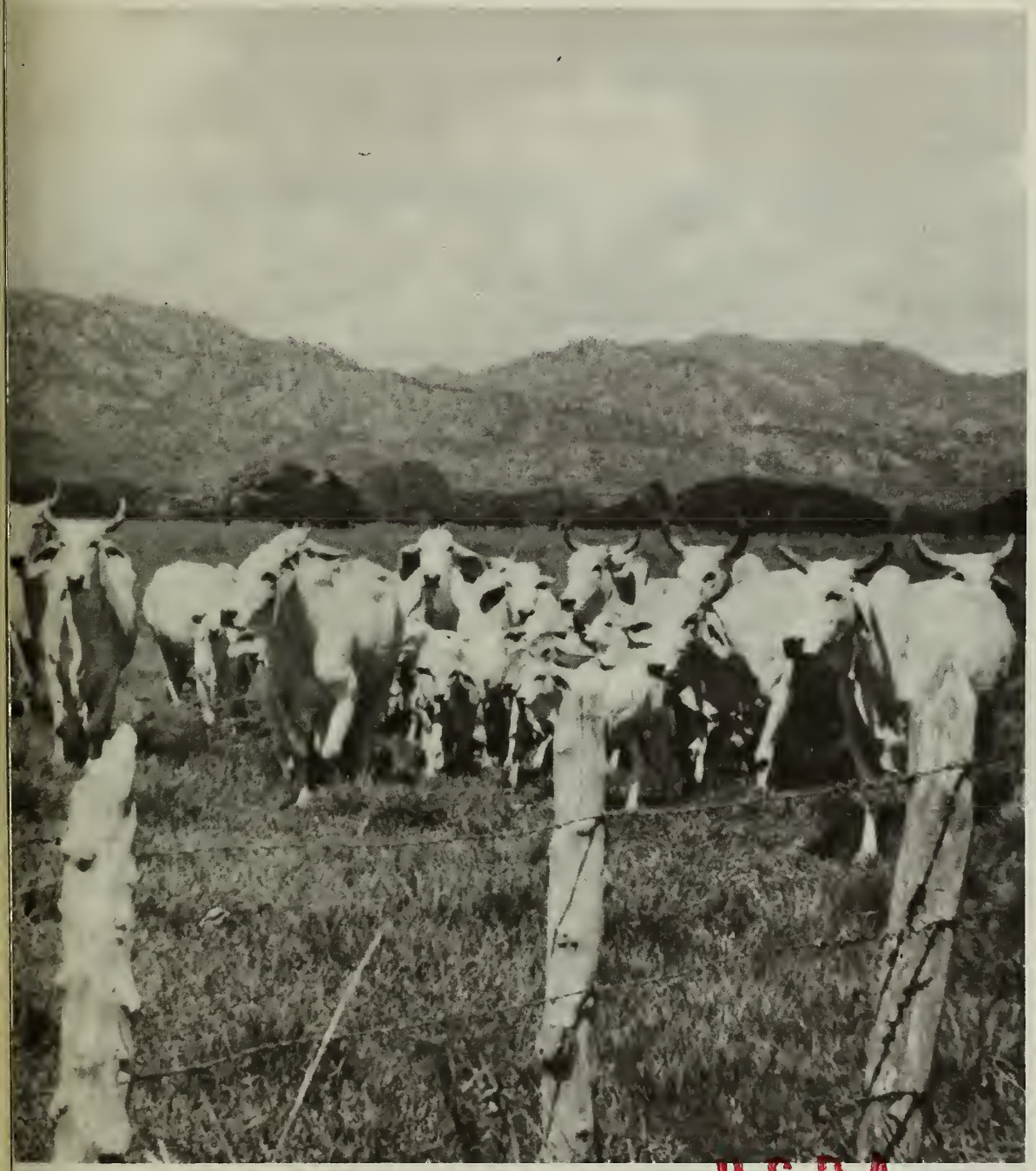

October 1, 1973

Oceania Meat Production and Trade

Tank Containers in Farm Trade

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

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Honduran Brahman stock on pasture. Beef cattle breeders there recently bought 252 U.S. breeding animals, mostly Brahman bulls and heifers, to upgrade the country's herds. See article on page 11.

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Oceania Heading for Record Meat Production and Trade

By PHILLIP L. MACKIE
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OCEANIA—HOME of two of the world's largest red meat exporters—is continuing to respond to an unparalled export demand for meat products, with record production and exports slated for this year.

At the same time, some normalization of Australia's meat trade pattern is expected, as exporters direct more shipments back to their largest market—the United States—following extensive diversions in early 1973 to Europe and Japan to capitalize on unlimited demand and high prices there. New Zealand, on the other hand, will be easing up on its heretofore large beef and veal exports to the United States.

Australia. Unusually favorable weather has been evident so far in 1973 in this country where droughts are almost a yearly occurrence. These good conditions, plus the strong export demand, should provide further underpinnings for the expansion in cattle numbers that has been going on for many years. However, this long-term trend is being interrupted temporarily by unusually high levels of slaughter, reflecting increased marketing of animals because of the drought late last year plus the desire of the livestock industry to capitalize on still-strong demand.

The country's sheep industry, on the other hand, is rebuilding as a result of a sharp turnaround in the demand for wool. Poor wool prices in 1970 and 1971 resulted in larger than normal slaughterings and brought numbers as of March 31, 1971, down to 142 million head—a 17-year low.

All told, Australian red meat production during 1973 is expected to equal or slightly exceed the record 1972 level, reflecting some leveling off of production following an upsurge during the first quarter of the year. Within the total, however, prospects vary widely.

Beef and veal production during 1973 is seen surging ahead to 3.4 billion pounds (1.5 million tons) for gains of 20 percent from the 2.8 billion produced in 1972 and 9 percent from an earlier estimate of 3.1 billion.

So far this season, cattle slaughter has been higher than earlier expected. Some expanded slaughter probably can be related to the drought in Victoria and parts of New South Wales in late 1972. More important, however, has been the spiral in prices since November 1972.

Drought is no longer a factor behind the increased slaughter, since relief came in the form of rains beginning in January, which should have affected slaughter beginning in March. But aside from a brief downturn in April, the slaughter rate had not slowed through the first half of the year.

Australian exports of beef and veal also have soared this year. Through the first 7 months of the 1973 season (November-May), they climbed 43 percent above those in the 1972 period to total 686 million pounds, product-weight basis. Full-year shipments are expected to reach 1.4 billion pounds, or 28 percent above those in 1972. This estimate allows for a 5-pound increase in per capita consumption and a small gain in year-end stocks.

A major trade development during the first 7 months of the 1973 season was a shift away from the big U.S. market to more lucrative outlets elsewhere in the world. Spurred by temporary lifting of import barriers in numerous countries, this shift kept beef and veal sales to the United States at around 318 million pounds in the first 7 months, compared with 294 million last year, but dropped the U.S. share of total sales to 46 percent from 61. Especially important in the foreign market have been the United Kingdom and Japan, which have been buying more chilled beef cuts, contrasted with U.S. purchases of predominately manufacturing beef.

During the last part of the 1973 season, however, a larger proportion of Australian production is coming from the North, where animals are more suitable for the manufacturing trade. This, plus a slackening of European demand and possible reinstatement of import

Clockwise from left: Australian sheep, whose meat will go to the United States, are examined before slaughter; mustering sheep in New Zealand high country; and cattle at a New Zealand dairy farm.

restraints in the EC should direct more exports to the United States.

Thus, it now looks as if the United States will receive a total of 700 million pounds of Australian beef in the 1973 season, or 51 percent of total exports, compared with 669 million pounds, or 62.5 percent of the total, in 1972.

Australian production of lamb and mutton, by contrast, has fallen sharply from last year, although the decline in mutton was not as much as had been expected.

Production of mutton during November-May totaled 591.6 million pounds, off 25 percent from the comparable period a year earlier. Supplies of sheep for slaughter are now reported to be very tight, and production is expected to drop more sharply for the remainder of the season. For full-season 1973, mutton production is forecast at 870 million pounds—off 28 percent from the 1.2 billion produced last year.

BECAUSE OF THE SHORTAGE, mutton and lamb have surpassed beef as leaders in Australia's spiraling food prices. Through the first 3 months of 1973, retail prices for lamb and mutton climbed 33 and 36 percent, respectively, above those in the same period of 1972. Beef prices, on the other hand, were up over 10 percent, while pork gained a mere 0.4 percent.

Australian exports of mutton held up better than production through the first 7 months of the 1973 season. During November-May, these totaled 219 million pounds, for a decline of 20 percent from the year earlier, contrasted with the 25-percent drop in production through May.

Japan was the major mutton buyer, taking 119 million pounds during November-May, compared with 101 million during the same period of last year. Buying had slackened off around mid-year, however, reportedly because freezer space in Japan was full.

Mutton exports to the United States totaled 11 million pounds in the first half of the season, compared with 36 million for the same period a year earlier. Supplies of Australian mutton are expected to be tight and exports to fall sharply in the last part of 1973.

Exports of lamb totaled 31.8 million pounds during November-May, compared with 50.5 million in the 1972 period. With the tight domestic situation, exports are expected to be nil for the remainder of the season.

Australian production of pork surged some 20 percent during November 1972-May 1973 to about 302 million pounds. However, in the remaining months it is expected to fall closer to year-earlier levels; the gain for April-October should be about 12 percent.

Despite the climbing pork output, producers have been discouraged by generally static hog prices at a time of rising costs for grain and other inputs.

New Zealand. As in Australia, farmers here are confident about the future for beef and continuing to emphasize its production. Prospects also have brightened for the sheep industry.

New Zealand beef producers have had some especially good years recently, and 1973 looks like a record one, both for production and exports. Drought conditions earlier in the year reduced slaughter weights and contributed to some expanded slaughter. Just as important, however, are high prices, which have drawn record numbers of cattle to market.

Although the drought has been broken, winter feed supplies have been a problem, especially since stock did not enter the winter in top condition. Thus, a hard winter could cause a larger than usual end-of-season kill.

Currently, it looks as if beef and veal production for export in 1972-73 (October-September) will total about 455 million pounds, product weight, for an increase of 11 percent over 1971-72.

In contrast to the Australian situation, beef and veal exports to the United States have been running much heavier than last year. Through May, 65.1 percent of the total moved to the United States, compared with 59.4 percent for October-May a year earlier. This development has been attributed to a higher proportion of manufacturing beef—the main type sold in the United States—in the 1972-73 production and the desire to maintain trade.

The proportion of exports going to the United States, however, is expected to fall toward the end of the season as more prime cattle come on the market. The total share for the United States last season was 68 percent.

These shipments to the U.S. market are estimated by agriculture officials at 290 million pounds. However, this may be on the low side, reflecting a possibly larger-than-expected production; a drop in domestic consumption as consumers shift some to sheep meats, which carry a consumer subsidy; and the larger-than-expected percentages moving to the United States.

Following years of low returns, the sheep industry in New Zealand staged a dramatic turnaround last year and now literally cannot keep up with demand. The drought in New Zealand did force some slaughter of older sheep early this year, but not enough to deplete flocks, and sheep numbers will probably show some gain by year's end.

In the meantime, mutton and lamb supplies have been running well ahead of the 1972 level. Through June of 1972-73, total slaughter of ewes was 33 percent ahead of the previous season, although slaughter of other types trailed the previous year's levels.

FOR THE FULL 1973 SEASON (October-September), mutton production is estimated at 450 million pounds, compared with last season's 425 million. Export availabilities will be about 20 million more than last season's total of 222 million pounds. Only small amounts of this normally move to the United States.

Lamb production for the 1973 season is expected to total about 770 million pounds, down 8 percent from last season. Export availabilities will be off about 60 million pounds. Over 90 percent of New Zealand lamb is exported, with some 3-4 percent of this moving to the United States.

Secretary Butz Calls Upon FAO Grain Meeting To Encourage Free and Open World Market

As the United States and other wheat-exporting nations met in Rome last week to consider a possible shortfall of world foodgrain supplies for 1973-74, Secretary of Agriculture Earl L. Butz called on other grain producing nations to place their grain on the market and to open their markets to all buyers.

With this additional grain available for food use, Secretary Butz said the tight supply-demand situation should ease and prices moderate. He stated:

The United States has made the strongest effort of any wheat exporting nation to maximize the export availability of wheat. We are the only major wheat exporter which has kept its markets open and its supplies available to all buyers on a completely open basis. This policy has been maintained despite a substantial domestic price increase.

The United States has no subsidy program that fosters feeding wheat to livestock or processing foodgrains into non-food products. Wheat feeding in the United States has dropped substantially because the market has been bidding wheat into human food channels.

While we agree that grain supplies are currently tight, our experts do not see the 9-million ton shortfall suggested by Dr. Boerma based on the estimates of the International Wheat Council (IWC). The IWC estimates actually presented a range of possible production and consumption levels. Dr. Boerma has taken the worst possible production level and the highest possible consumption figure to arrive at his projected deficit.

In addition, the IWC estimates use some basic assumptions that limit their use as predictors. For example, they assume no drawdown in wheat stocks this year. In fact, however, both the United States and Canada are likely to drawdown their stocks further in response to the need and strong prices.

The IWC estimates of import requirements are based on what the countries themselves said they planned to import earlier this year. In India's case, for instance, the import figure evidently included some grain for building stocks. This is obviously not the year for anyone to build stocks, and India has probably put off stockpiling. But the IWC data still reflects the original figure.

USDA experts currently estimate the grain available for export around the world this year will be just about equal to import demand at prevailing price levels. If the world production situation continues to improve in Canada, India, Russia, and some other important areas —and if some institutional barriers can be overcome—there could be additional grain available beyond minimum requirements.

The U.S. crop outlook has also improved since Dr. Boerma issued his invitation. As of September 1, the crop forecasts indicated our wheat crop will be 1 percent larger than indicated on August 1, and 183 million bushels above 1972; our feedgrain production is forecast at a record 210 million tons, 2 percent above last month's projection and 5 percent above last year; soybean production improved 4 percent from last month, and is expected to be 316 million bushels larger than last year.

The United States has expanded its wheat, corn, and soybean production to alltime record levels in 1973. More than 40 million additional acres of U.S. cropland were made available for production in 1973; and 20 million acres additional will be freed for production in 1974. For 1974, we will divert no cropland at all, leaving our farmers completely free to respond to the demands of domestic and export buyers for increased farm production. This, along with the strong market prices for farm products, should stimulate efficient U.S. farmers to even greater production in 1974. This assurance of increased production should help to eliminate any unnecessary stockpiling by importing nations in the current year.

The current tight supply of grain, and the accompanying high prices, put their most painful burden on the developing nations.

The United States is fully aware of the problem they face. After all, the United States has provided more than $20 billion in food aid under its Food for Peace program since 1954—about half of it wheat. The United States has also contributed nearly half the total pledges under the World Food Program since 1962.

The United States has also been carrying most of the world's grain surpluses —at a considerable expense—since World War II. We shipped the bulk of the 10 million tons of grain needed by India during each of its drought years in the mid-1960's. Currently Public Law 480 is meeting a large share of the emergency requirements of Bangladesh and West Africa. It is now pledging assistance to respond to the recent massive floods in Pakistan, as it did last year when floods devastated the Philippines.

Despite the tight supply situation the United States will contribute nearly $900 million to meet requirements of developing nations this fiscal year.

Through its support of international financial agencies such as the World Bank as well as through its own aid programs, the United States has played a leading role in providing developing countries with the resources necessary to enable them to compete in the commercial market for food.

However, the United States has also been carrying virtually the whole responsibility for meeting the world's growing demand for grain in the past 4 years. World trade in wheat and feedgrains has increased roughly one-fourth in this period, and U.S. exports in 1973-74 are expected to be almost 70 percent greater than in 1970-71.

In the year just ended, world grain trade increased 25 million tons—and U.S. exports increased 30 million tons; thus, the U.S. provided all of the increase plus making up for some of the shortfalls.

The increased demand has been partially due to poor crops in some parts of the world, but also to increasing world demand for livestock products and thus for livestock feed.

It is in the interest of the developing nations, too, to stimulate the increased grain production the world needs and wants. Prices are the most effective way to do this.

The United States recent experience with price and wage controls, together with the long history of failures in international commodity agreements, convinces us that free and open markets are the best and most realistic way to assure an equitable sharing of grain supplies.

Higher CAP Prices Expected To Boost U.K. Rapeseed Production

By ROGER F. PUTERBAUGH
Assistant U.S. Agricultural Attaché
London

RAPESEED PRODUCTION in the United Kingdom is expected to expand dramatically over the next few years mainly because of higher European Community Common Agricultural Policy (CAP) prices. Last year's production amounted to an insignificant 13,000 long tons, but projections by competent economists suggest eventual outturns could reach 200,000 to 300,000 tons within 5 years.

The EC-6 rapeseed intervention price is about 35 percent higher than that received by U.K. producers. During March-May 1973, the U.K. intervention price at Liverpool, England, was US$180[1] per long ton, while the EC-6 intervention price was US$244 per metric ton.

Until 1968, the United Kingdom's rapeseed production was so insignificant that statistics were not published. Acreage from 1968 through 1972 has ranged from a low of 10,000 to a high of 17,000 acres, with production ranging from about 8,000 to 13,000 long tons.

In 1973, acreage is expected to expand to around 34,000 acres and continue to grow at a rapid rate in future years. Production this year may reach 26,000 long tons.

UNITED KINGDOM:
RAPESEED PRODUCTION[1]

Year	Area[2]	Production[3]
	1,000 acres	*1,000 long tons*
1968	16	13
1969	13	11
1970	10	8
1971	13	10
1972	17	13
1973[4]	34	26

[1] Includes only rapeseed grown for oil. [2] Ministry of Agriculture, Fisheries, and Food. [3] Commonwealth Secretariate. [4] Estimate by U.S. Agricultural Attaché's Office.

At the present time rapeseed is grown mostly in the southern, central, and eastern areas of England, but there appears to be no overriding reason why it could not be grown farther north. Indications are, however, that yields would be lower in the north than in the south. At pre-CAP prices, production in the north was not profitable.

> *"In 1973, acreage is expected to expand to around 34,000 acres and continue to grow at a rapid rate in future years. Production this year may reach 26,000 long tons."*

Until recently, rapeseed has been grown in the United Kingdom mainly as a cereal break crop, but higher CAP prices should encourage commercial rapeseed production on a regular basis.

Two general types of rapeseed are grown in the United Kingdom—spring sown and winter sown. In recent years, the bulk of the crop has been sown to spring rape, but because winter rape gives higher yields of both seed and oil, more of the crop in the future will consist of these varieties.

The most popular winter varieties grown thus far are Victor and Rapol, while Gulle and Zephyr are the main spring varieties.

In recent years, most of the rapeseed produced in the United Kingdom has been grown under contracts between farmers and oilseed crushers. The contract price in 1972 was around US$140 per long ton delivered to the crushing plant. After the beginning date for Britain's 5-year transition to the EC's CAP—February 1, 1973, for most key crops—intervention prices per long ton were to be about US$178 at Hull and Liverpool and about US$172 at Tilbury and Southampton.

The compensatory amount to be deducted from CAP prices—including rapeseed production subsidy—to adjust them to U.K. conditions during the transitional period has been fixed at about US$72 per long ton. This amount will be progressively reduced during the transitional period until full CAP price levels are reached during the 1977-78 season.

Rapeseed oil consumption in the United Kingdom is fairly insignificant at present—53,000 tons out of a total of 754,000 tons in 1972—but it is growing. Greater domestic production would probably lead to increased rapeseed oil consumption, especially as cooking oil and margarine consumption goes up.

If the cooking oil and margarine markets expand fast enough and the price of rapeseed oil is right, there is a possibility that the market could absorb up to 100,000 tons of oil. However, based on present conditions, it is difficult to see U.K. oil consumption increasing to the 100,000-ton level unless rapeseed oil is considerably lower in price than competing oils.

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[1] All dollar figures were converted from sterling at rate of £1=US$2.50.

UNITED KINGDOM: OIL AND RAPESEED MEAL CONSUMPTION
[In thousands of long tons]

Year	Soybean oil	Palm oil	Rapeseed oil	Other	Total	Rapeseed meal
1967	54	97	21	448	620	103
1968	45	107	49	473	674	133
1969	72	137	47	419	675	145
1970	112	159	32	389	692	89
1971	134	219	34	356	743	134
1972	144	202	53	355	754	139

Tropical Products Quarterly.

Should bulk liquid exports move in tank containers?

The dynamic U.S. transportation industry, striving to meet the needs of the Nation's agricultural and industrial exporters, has expanded technology to include the use of intermodal tank containers for transport of bulk liquid commodities.

Although limited in scope and availability, this equipment provides an efficient method of marketing liquid agricultural commodities such as bulk tallow, vegetable oils, molasses, and fruit concentrates.

Attendant problems—and some solutions—were discussed by shippers, carriers, and equipment manufacturers at a conference on assessment of technology (AsTec) for tank containers, sponsored by the Maritime Administration and held in Washington, D.C., earlier this year.

The 1-day conference was the second in a series aimed at increasing the use of containerization and intermodal shipping systems in U.S. foreign trade. As yet, tank containers have not shown the phenomenal growth that other containerized systems have had and only about 1,400 units are in use today—900 by U.S.-flag ocean carriers. These represent only 1-2 percent of the U.S. container inventory.

The volume of U.S. farm products shipped in tank containers is relatively small. One large producer-exporter, however, ships about 200 tanks annually of lecithin, soybean oil, and corn syrup. The capacity of today's tanks ranges from 4,000 to 7,000 gallons.

Technically, tank containers would seem to be uniquely suited to transporting most liquid agricultural commodities. Special heating units are available for permitting transfer of viscous materials, such as tallow. Insulation and cooling units contribute to product freshness and flavor retention. Although some problems remain in the cleaning of tanks for return shipment of dissimilar commodities, improved methods are insuring product cleanliness and widening container versatility. Finally, higher volume, increased protection from damage, and more stable shipping rates could offer significant financial benefits to agricultural exporters.

Shippers emphasized that equipment cost was one limiting factor—a basic tank container, without special equipment, costs about $10,000. A lower rate of usage than other containers and special caretaking requirements have also limited industry investment in the units. As a result, exporters complain that the supply of tank containers does not meet demand during peak shipping periods.

On the other hand, most conferees expressed strong confidence that increased use of tank containers would facilitate the movement of U.S. products to both old and new markets.

"Tank containers, according to Howard F. Casey, Deputy Assistant Secretary for Maritime Affairs, permit more economical shipment of certain commodities—such as liquor and fruit juice concentrate—once thought to be uncontainerizable. They permit shippers to eliminate unnecessary packaging, such as in crates or bottles, and reduce losses from damage or pilferage. Additionally, American manufacturers can build tank containers of almost any size and description."

An Exporter Reviews Use Of Tank Containers In Farm Trade

By CHARLES A. WILHELM
A. E. Staley Manufacturing Company

MULTIMODAL TANK containers are a relatively new development in transportation and, under many circumstances, are an efficient and economical means of transporting bulk quantities of liquid commodities, including agricultural products.

For 20 years, the Staley Company, a major processor of corn, soybeans, and chemicals, has exported a large volume of liquid and dry products to ports throughout the world. Today, the company uses tank containers in four separate movements abroad, with volume totaling about 200 tanks annually. Two movements of liquids in tanks are to Puerto Rico, while other shipments are moving to Europe and Hawaii.

The company made its first shipment in a tank container in 1966. The product was edible soybean oil and was shipped to tuna packers in Puerto Rico. The method proved efficient since it eliminated shipside pumping operations in both New York and San Juan. Since terminal personnel were already acclimated to export business and procedures, no problems were experienced with the method. Customers in Puerto Rico had bulk storage facilities and were already set up to receive shipments through tank containers.

The second movement in tank containers was to Europe and was made in October 1969. The product was soybean lecithin, a soybean byproduct used in baking, candies, margarine, and soaps. For many years, soybean lecithin had been shipped in drums, but with the advent of soybean plants in Europe, drum shipping of the U.S. product was no longer competitive. Although switching from drums to bulk offered a potential saving, the costs of shipping in tanks had to be sufficiently low for the buyers to justify the expense of con-

structing storage tanks. Some questions that had to be answered were:

- How can the bulk product be shipped to seaboard?
- Is there a port facility where the product can be transferred from tank cars to tank containers?
- Do carriers have tank equipment that can be heated?
- Can they clean lecithin residue from their tank trailers?
- What are the rates for the various new services?
- Who will inspect the tanks for cleanliness?

As far as the movement to seaboard, it was obvious from quick comparison of rail and truck rates that the most economical way to ship was by tank cars. However, no tank cars in our fleet of over 1,300 tank cars were entirely suitable and yet free for use in lecithin service for an indefinite period. Therefore, after evaluating costs, two new 10,000-gallon railroad tank cars—built to the specifications required for soybean lecithin—were leased. Tank cars of this capacity were selected because they fill two 5,000-gallon bulk tank containers.

A search of facilities at North Atlantic ports revealed that transfer could be performed at railroad terminals at either Baltimore or Elizabeth. Baltimore was found to have the advantage because of lower freight rates and faster turn-around times for tank cars. The facility selected had to have steam for heating, a storage track, pumping equipment, and terminal personnel with good general knowledge of handling food-grade bulk liquids.

"One serious problem has been evident for the past 3 years—that is, an inadequate supply of tank containers. During peak shipping periods, there simply are not enough containers to meet the demand. When a customer plans to receive his product in tank containers and purchases his product accordingly, he becomes vulnerable to damages resulting from a short supply of tanks."

These tank containers, although not widely available, offer unique advantages in transporting bulk quantities of agricultural liquids.

Soybean lecithin is quite viscous and requires heating in order to unload. Since only one company's tanks were equipped with heating equipment, all other carriers were ruled out. This company's cleaning system was found to be capable of cleaning tanks in the United Kingdom for return loads of scotch whiskey to the United States. Rates were established where none had existed and other costs were confirmed.

The third movement in tank containers was set up through Charleston and was for the movement of two grades of corn syrup to Puerto Rico. The first tank container of syrup was shipped from Charleston in August 1970. Some of the same problems were encountered in setting up this movement as on the movement to Europe.

The port of Charleston was selected because rail rates on syrup to South Atlantic ports are lower than to North Atlantic ports. Charleston was found to have everything needed except a suitable pump. After numerous discussions with the South Carolina State Ports Authority, they agreed to purchase a pump for this business.

Subsequently, a problem developed in heating and transferring the more viscous of the two corn syrups. Port personnel heated the product excessively and too rapidly, causing it to carmelize. They then heated the product to only 120° and found they were spending 8 to 10 hours transferring one 40,000-pound load, which caused the overloaded pump to fail.

With the assistance of technical personnel from Staley, it was determined that the syrup should be slowly heated to 140° and air pressure used to assist the pump during transfer. These recommendations were successful and transfers have been fast and smooth ever since.

The fourth movement is of soybean oil from Los Angeles to Honolulu in 5,000-gallon tank containers, a movement essentially the same as that from Elizabeth to Puerto Rico.

Bulk shipments in tank containers are naturally less costly than drummed shipments. Based on experience, total savings in all costs to foreign ports range from $0.90 to $1.30 per 100 pounds. In addition, savings that customers realize beyond the ports of entry are likely to be substantial.

TOTAL TRANSPORTATION and transportation-related costs are greater for bulk shipments than for drummed shipments, however. Savings result because of the elimination of the drums, not because of lower transportation costs.

Few physical problems have developed in connection with tank shipping. Only two tanks have been rejected because of contamination, and these occurred when company loading personnel, rather than independent surveyors,

inspected the tanks for cleanliness prior to loading.

On occasion, truckers have rejected empty tanks tendered to them for cleaning when the tanks previously contained liquids difficult to clean or with objectionable odors.

One serious problem has been evident for the past 3 years—that is, an inadequate supply of tank containers. During peak shipping periods, there simply are not enough containers to meet the demand. When a customer makes plans to receive his product in tank containers and purchases his product accordingly, he becomes vulnerable to damages resulting from a short supply of tanks. The first knowledge of shortages is when the freight forwarder calls the carrier requesting the tanks that have been booked to find there are none available. At this point, it is too late to make alternate shipping arrangements.

WHAT HAPPENS when a carrier is unable to supply tank containers when tank cars reach port? It causes a chain reaction, reaching all the way back to production schedules. Some of the problems are:

- Tank cars are detained at seaboard when they are needed back at the plant for future loads.
- Tank car demurrage and lease costs mount when cars are idle.
- Production schedules have to be changed from bulk loading to drum loading.
- Customers have to be supplied with drummed material from local warehouses, when available, if the delay in securing tanks is lengthy. If no product is available, they are forced to buy the product from competitors, when possible.
- Occasionally, after slack periods, several tanks are made available at one time, in an effort to catch up. This often floods customers, resulting in costly demurrage.

These problems have a serious effect on business, not to mention frayed nerves and time spent working on solutions. Although carirers make valiant attempts to fill shipper's needs, there are times when no amount of work can turn up empty tanks where none exist. If a number of steamship lines would order tanks that can be heated, shippers would have a greater choice of carriers, and this would undoubtedly relieve some of the shortage of this type of equipment.

U.S.-Flag Ocean Carrier Evaluates Usefulness of Tank Containers

By R. B. MURPHY
United States Lines

OF ALL THE equipment in containerized systems today, the tank container is probably unique. It has limited application as a cargo-carrying unit and is subject to a broader range of regulatory authority than standard dry containers. It requires specialized peripheral equipment to keep it in operating condition.

A variety of tank containers are utilized in international commerce, many of which are designed and constructed for a specific application.

The units are constructed for multimodal usage in a transportation system where transfer between ships, rail car, and truck is accomplished through standard hardware fittings and handling techniques, resulting in a point-to-point movement without the need to transfer the commodity to intermediary tanks during the move.

The population of intermodal tank containers is small compared with standard dry units. A recent tally indicates that U.S.-flag ocean carriers have approximately 900 units. Other flag carriers have approximately 500. This total of 1,400 units is less than 1 percent of the total container population.

Ocean carriers' units are utilized primarily in the carriage of chemicals and alcoholic products. Tank containers are assumed to be the most economic unit load for the carriage of these bulk liquid products, rather than the break-bulk method using drums, barrels, or carboys.

Costs of a basic tank container—without insulation, heating coils, special piping, and valves—can run about $10,000 each for a volume purchase. With added special features, prices escalate to $13,000 or $14,000. Most ocean carriers have fitted their tanks with some, and in a few cases all, of these special features. Therefore, total industry investment approximates $14 million.

The commitment to invest in this high cost equipment must be reinforced by good, reliable, marketing data. It must also be qualified by a well disciplined operating policy, which recognizes that special talents are required to service the equipment. This includes, but is not limited to, equipment control personnel, sales personnel, and proper interline arrangements with other carriers; personnel experienced in cleaning, inspecting, and repairing tank containers; and personnel experienced and familiar with the various regulations, both domestic and international, that govern the carriage of commodities in tank containers, as well as their storage on oceangoing vessels.

A disciplined operating policy is a must in the handling of any type of equipment, however, with special equipment—such as tank containers—there is far less flexibility. Experience has shown, however, that certain trades preclude round-trip utilization. Despite modern techniques of cleaning and passivation, some commodities are incompatible. One-way utilization and dedication to one commodity are two situations which erode the optimum use of the equipment.

Where there is incompatibility, it is necessary to segregate and control tanks. For the carrier, this means increased cost for additional tanks to service specific trades, as well as special control systems to keep the units in the trades that they belong.

Fortunately, all trades are not one way. Chemicals, for example, tend to be more compatible than some products so that round-trip utilization is possible after the required cleaning. Obviously, geography is a vital factor in matching up round-trip moves since container traffic moves point-to-point—not port-to-port. For example, Rotterdam may be the port of discharge and loading of tank units. The port is balanced, but the inbound tank goes through Rotterdam to a point in Germany for discharge, then to an intermediate point for cleaning, before spotting for loading

Tank container begins journey to foreign port.

in Belgium for export back through Rotterdam. The same situation occurs in the United States.

Control must be regarded as an all-encompassing activity that includes the tank's condition when presented to the shipper for loading. In most instances the consignee is required to clean the tank prior to return to the carrier. Some carriers elect to receive the tank in a so-called dirty condition with the understanding that they will control and do the cleaning—billing the consignee for the service. In either situation, all parties must agree before hand as to the extent of the required cleaning, which may not just involve the interior of the tank, but also the lines, valve seals, and gaskets.

The entire cleaning process has a direct bearing on the carriers' ability to respot a tank for loading after receipt from a prior consignee since in many cases, the tank must be cleaned again or gaskets must be changed.

Another aspect of control is coping with the problem of rough handling of equipment by other carriers. However, tank containers are subjected to rigorous strength and safety tests to meet operational environment requirements and prescribed safety standards. Tanks must meet regulatory criteria before delivery from the manufacturer. Coast Guard and Department of Transportation regulations require recertification at specific intervals, or after the tank has undergone a major modification or has been subjected to repair.

The type of liquid to be carried in the tank is obviously an important consideration. The carrier is responsible for evaluating the product before acceptance to ensure that his specific tank and its related fittings can meet requirements.

Having established a market for a tank container, the ultimate aim is to have a unit designed and constructed to meet the broadest product range or requirements in the trade in which the tank is to be used. U.S. Lines initially established a Commodity Review Committee to consider all aspects of the available commodities that could be carried in the designated trade. This Committee more or less established the design requirement of the unit ultimately purchased. It also established procedural guidelines that would not only meet initial requirements, but which would permit evaluation of additional commodities as they were offered, to ensure the broadest utilization of the tank containers.

The unit selected is the lightweight, low-profile twin-barrel type. The 40-foot length is compatible with system previously used. It has an internal design capacity of 6,020 gallons and a maximum load capacity of 51,600 pounds.

The barrels are interconnected, which precludes the ability to carry two different types of commodities in each individual barrel at the same time. This is not necessarily a disadvantage since it is not a common practice to ship different commodities in the same tank simultaneously. The tank is not insulated. It is of stainless steel, smooth-bore construction, which gives the advantage of a minimum tare weight and permits the highest obtainable payload.

As experience was gained with these tanks, special fittings and valves have been added to meet the needs of most shippers.

It is essential to consider the limits of elasticity that the ocean carrier has or, more importantly, must understand in providing special equipment. Expanding markets and new products in the bulk liquid industry create a demand for a highly specialized transportation system. This has obvious appeal to those who provide a transportation service and endeavor to maximize revenues.

In providing specialized equipment, specifically for bulk liquid commodities, the ocean carrier must evaluate his capability to offer the new service. In making such an evaluation, the ocean carrier must explore the alternatives to capital cost commitment for additional specialized equipment.

There are some situations where it is more beneficial in the long-run for both shipper and carrier to have the shipper supply the required tank container, with the unit designed and constructed to the shipper's specific needs. In this case, the ocean carrier can contribute technical, operating, and marketing experience in assisting the shipper with his specific program.

The ocean carrier can provide the major ingredients of ocean transportation and, where required, chassis equipment to facilitate the land move. In this arrangement, where the shipper is involved in one-way traffic, the ocean carrier can assist by seeking utilization of the tank containers for return loads. This obviously requires a great deal of coordination and cooperation between shipper and carrier.

Alternate sources of supply of intermodal tank equipment—other than carrier or shipper supplied—are meager. Container leasing companies have a substantial number of standard dry containers available under a variety of leasing arrangements, but their inventory of intermodal tank container is limited. This is understandable, since the usage rate and special caretaking requirements of tank containers compare unfavorably with the standard dry unit.

Honduras Buys U.S. Beef Breeding Stock Mostly Brahman

Eight planeloads of registered U.S. beef breeding cattle and one quarter horse stallion arrived in Honduras in July and August. The animals were selected by three Government representatives who paid about $350,000 for them at ranches in Texas, Florida, and Louisiana. Individual prices ranged from $700 to $7,000, the average being $1,345.

Two Santa Gertrudis bulls and two Charolais bulls were bought for the National Center for Agriculture and Livestock at Comayagua. All the other cattle were American Brahmans.

About 35 of 138 Brahman bulls were top herd sires. Of these, 13 were shipped to the station at Comayagua, 10 were purchased for a new beef herd being founded by General Oswaldo Lopez Arellano, Honduras' President, two were destined for a Government artificial insemination program at San Pedro Sula, and about 10 were bought by individual ranchers. The remaining 103, like the last 10 sires, were financed by the National Development Bank for delivery to ranchers on a long-term credit basis.

General Lopez Arellano also bought 100 gray Brahman heifers included in the shipment. He will add another 100 heifers from Comayagua's registered Brahman herd to stock his foundation herd. Last year the Chief of State imported 100 of the best Holstein-Friesian heifers to be found in the New England States. The dairy heifers, pregnant when they were shipped, produced more than 80 surviving calves which today, with their mothers, compose one of the best dairy herds in Central America.

The remaining 10 animals in the recent shipment were red Brahman (Gir-type) heifers which had been selected for the herd of another Honduran breeder, J. Armando Erazo.

Antonio Herrera, chief of the Livestock Development Division of the National Development Bank, said he had found a scarcity of the cattle he wanted in the United States, and prices had risen about 30 percent, he estimated, since he selected 75 Brahman bulls for the herd improvement program financed by the Bank in 1972. He said costs are now so high for middle-grade breeding stock that probably in the future Honduras will import only top sires for quality herds and A-I programs. Average farmers can no longer afford the type imported last year, he said.

Honduran cattlemen are considering the formation of an association of registered livestock breeders similar to one that has been quite successful in Guatemala. There is a possibility that General Lopez Arellano will be the first president of the association.

—By John C. McDonald
U.S. Agricultural Attaché, Guatemala

The U.S. beef breeding cattle recently shipped to Honduras included Brahman heifers like those at left, shown at livestock center at Comayagua. They will be used to start new herds or improve existing ones like that shown below.

CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

Record USSR Grain Crop Expected Despite Poor Harvesting Weather

Based on information on crop prospects, weather conditions, and harvest progress through September 10, the Soviet Union's gross grain crop is estimated at a record 195 million metric tons, almost equal to the planned level of 197.4 million tons. This compares with 168 million tons in 1972 and the previous record of 186.8 million tons in 1970.

From early July through mid-August, above-normal rainfall in much of the USSR generally favored development of spring grains, especially in small grain areas from the Volga eastward and the corn-producing region in the Ukraine. At the same time, the heavy rainfall interfered with the harvest in European USSR. As a result, the quality of the grain was probably lowered in some areas and post harvesting losses in the European area may be somewhat greater than usual. Harvest weather had been favorable in the Siberia-Kazakhstan regions through the end of August. However, during the first 10 days of September, these regions had heavy rainfall in almost all areas with significant amounts of unharvested grain. Also long-range weather forecasts call for above normal precipitation through mid-October in much of this area.

The overall progress of the grain harvest in early September generally compared favorably with performance in recent years. As of September 17, Soviet farms had completed the cutting of grain on 268 million acres (90 percent of the total area) compared with 240 million last year as of the same date, and 254 million in 1971. However, 28 million acres of grain remained unthreshed in windrows on September 17, 1973, compared to an average of about 23 million on the same date for the previous 4 years.

Final harvest results have not been announced in any region. The Ukrainian grain crop reportedly will reach about 45 million tons, well above the planned 40 million tons. Average Ukrainian grain yields of small grains (corn remained to be picked), reportedly totaled 28.3 quintals per hectare, compared with the previous record of 25.4 quintals in 1971. Kazakhstan farms have pledged to sell to the Government at least 16.4 million tons of grain, compared with the original plan of 14.3 million. Numerous other regions have reported good results, especially the Volga and North Caucasus regions. However, despite these optimistic signs, the final outturn of the 1973 crop will depend to a large degree on weather conditions in the vast spring grain area to the east of the Volga River during the balance of the harvest season.

PRC Claims Record Early Rice Crop

The People's Republic of China has claimed a record output of early rice this year, although no quantitative estimate has been given. Both production and yield of early rice, which is mainly harvested July-August and represents about 40 percent of China's total rice production, reportedly reached these peak levels despite widespread difficulties during the past growing season.

Australia To Open Drive Against Grain Insects

The Australian Agricultural Council has agreed to open a national campaign to control insect infestation in grains and vegetable oilseeds. The Council consists of Federal and State Ministers concerned with agriculture.

The cost of the scheme—not to exceed US$2.8 million in the first year—will be met by a 50-percent contribution from the Commonwealth, 25 percent from the States, and 25 percent from the Australian wheat industry. The scheme will be reviewed at the end of 12 months and after that period other grain-growing, seed, and allied industries will be required to pay a proportionate share of the cost up to US$710,000.

The Council agreed that urgent action was necessary because of the development of resistance by grain insect pests to grain protectants. This threatens the future of the highly valuable grains and oilseeds industries, according to the Council.

The program calls for the appointment of officers to advise farmers and operators of grain-handling facilities on procedures to clean up existing infestations and prevent reinfestations. In addition, a concentrated educational program on the significance and control of grain insects will form part of the national campaign. Another aspect of the campaign will be to deve'op design standards for equipment and machinery to permit ease of cleaning and disinfestation.

Record West German Grain Harvest Expected

The West German grain crop rose to a record level of nearly 21 million metric tons in 1973—about 3.5 percent above last season, according to latest estimates. The previous record was in 1971 when the grain harvest totaled 20.9 million metric tons.

Provisional figures show the area of grain harvested in 1973 totaled 13 million acres—47,000 acres less than in 1972.

Study Sees EC Cereal Production Use Rising, While Imports Decline

A recent study completed by Dr. F. Uhlman of the Institute for Agriculture Marketing Research, West Germany, estimates that the European Community's grain production in 1985 will reach 125 million tons, an increase of 32 million tons, or 34 percent, over 1970. Production increases are based entirely on higher yields.

Dr. Uhlman also indicates that the Community's degree of self-sufficiency in grain is expected to rise from 84 percent in 1970 to 99 percent by 1985. Under these conditions net EC grain imports would decline from the current level of about 14 million tons to a 1985 level of less than 2 million tons.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Sept. 25	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14	6.29	— 4	2.82
USSR SKS-14	(1)	(1)	(1)
Australian FAO [2]	(1)	(1)	2.39
U.S. No. 2 Dark Northern Spring:			
14 percent	5.77	—15	2.52
15 percent	(1)	(1)	(1)
U.S. No. 2 Hard Winter:			
12 percent	5.73	—11	2.59
No. 3 Hard Amber Durum	8.44	—33	2.45
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.07	+ 5	1.71
Argentine Plate corn	3.35	+ 2	2.01
U.S. No. 2 sorghum	3.16	+ 3	1.70
Argentine-Granifero sorghum	3.12	+ 2	1.72
U.S. No. 3 Feed barley	2.98	+ 1	1.61
Soybeans: [3]			
U.S. No. 2 Yellow	7.16	+23	3.65
EC import levies:			
Wheat [4]	[5] 0	0	1.30
Corn [6]	[5] .29	— 1	1.06
Sorghum [6]	[5] .28	— 3	1.03

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] New crop. [4] Durum has a separate levy. [5] Levies applying in original six EC member countries. Levies in U.K., Denmark, and Ireland are adjusted according to transitional arrangements. [6] Italian levies are 18 cents a bu. lower than those of other EC countries.

Note: Price basis 30- to 60-day delivery.

U.S. Commits Wheat To Aid Flood Victims in Pakistan

The worst flooding of the Indus River in decades has caused extensive damage to Pakistan's crops as well as stored grain and has displaced millions of people. The United States has committed 100,000 tons of wheat to meet emergency needs, 40,000 tons to be granted under Public Law 480, Title II, with the remaining 60,000 tons sold on concessional Title I terms. In addition to the U.S. supply, the international donor community is pledging foodgrains, cash, and medical and other types of supplies.

Argentina Suspends Rice Exports

Effective September 17, Argentina suspended exports of whole grain and broken rice. The measure halts shipments of rice previously committed to Europe.

Rice exports for 1973-74 are expected to match the 1972-73 level of 30,000 metric tons, with an approximate 2-percent increase in production going into domestic consumption.

Japan Announces Pulse Import Quotas

On September 11, the Japanese Government announced pulse import quotas totaling $8.04 million for the second half of Japan's 1973 pulse marketing year (April-Sept.). This quota included allocations of $5.40 million for kidney beans, $1.07 million for dried peas, and $1.57 million for broad beans.

Grain Exports and Transportation Trends: Week Ending September 14

Weekly grain inspections for export and grain moving in inland transportation for the week of September 14 and the previous week were:

Item	Week ending Sept. 14	Previous week	Weekly average, August	Weekly average, fourth quarter
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Weekly inspections, for export:				
Wheat	1,020	762	805	755
Feedgrains	870	622	984	738
Soybeans	27	30	63	238
Total	1,917	1,414	1,852	1,731
Inland transportation:				
Barge shipments of grain	(1)	417	482	376
	Number	*Number*	*Number*	*Number*
Railcar loadings of grain	32,971	29,648	34,136	30,769

[1] Not available.

World Bank Lends $40 Million For Iraq Grain Storage Project

The World Bank has agreed to lend $40 million to Iraq to partially finance a $92-million grain storage project to reduce marketing and handling costs.

The project includes building of 14 new silos with a total capacity of 504,000 tons, expansion of four existing silos by a total of 36,000 tons, and improvement of port handling facilities including a 20,000-ton transfer silo, at the port of Umm Quasr. This additional storage capacity of 560,000 tons will assist in meeting the Iraqi Grain Board's storage requirements projected for 1979-80.

COTTON

$3.5 Million of Bolivian Cotton Destroyed by Fire

Reports received by the La Paz offices of the Bank of America and the First National City Bank disclose that on September 11, fire destroyed at least 9,000 bales of Santa Cruz 1972-73 cotton, for a loss estimated at $3.5 million.

The cotton, located in the storage area of the Cotton Planters Association at the Huaracachi railroad station, was awaiting export through Santos and Buenos Aires. All the cotton appears to have been insured under standard insurance contracts requiring payment on the basis of current market value.

These losses, which other sources have placed as high as 12,000 bales, represent about 10 percent of Bolivia's exportable crop. Exports generally total about 90 percent of the total crop which in 1972-73 was about 160,000 bales. In 1969-70, production was only 23,000 bales.

Most of Bolivia's exports go to Japan.

The fire occurred at a particularly important time in the development of the Bolivian cotton industry; ongoing successful efforts to expand Bolivia's cotton exports have already been disrupted by the recent officially sanctioned abrogation of existing cotton sales contracts. In their place, Bolivia announced a minimum export price of 56 U.S. cents per pound, which would be retroactively applied to all abrogated cotton contracts.

As of September 12, Bolivia reportedly had been unable to find alternative buyers for its cotton.

FATS, OILS, AND OILSEEDS

India's Peanut Meal Exports Increase

Despite the sharp decline in India's 1972 peanut crop, India's peanut meal exports during the October 1972-July 1973 period rose to 822,200 metric tons, compared with 683,500 tons during the same 10 months of 1971-72. The 138,700-ton increase is equal to the protein fraction of 7.2 million bushels of soybeans and was in response to sharply higher world prices.

Current prospects indicate the 1973 peanut crop could increase by at least one-fifth from the 4-million-ton volume produced in 1972. If it materializes, the increase could boost India's meal availabilities for export in 1973-74.

Pakistan Nationalizes Vegetable Oil Industry

Pakistan has nationalized the vegetable oil industry. The Government announced September 3 that it had taken over 26 vegetable oil firms.

The announcement stated the decision was brought by an artificial scarcity of vegetable oil reportedly caused by the vegetable oil industry. Despite a 20-percent increase in oil prices, allowed by the Government as an incentive to increase production and ensure supplies, the oil scarcity continued, the announcement stated.

It said one firm with foreign participation, which was not identified, was unaffected. In London, a spokesman for Unilever reportedly confirmed that its subsidiary, Lever Brothers Pakistan, Ltd., was exempted from nationalization.

SUGAR AND TROPICAL PRODUCTS

Three Major Coffee Producers Set Up Marketing Corporation

Brazil, Colombia, and the Ivory Coast—the world's three largest coffee producers—announced August 31, 1973, they have set up a joint multinational coffee marketing corporation. The trio, which accounts for about 50 percent of the world's coffee output, said the corporation is open to any producing country, and will intervene directly, or indirectly through third parties, to compete with other buyers in the purchase of coffee it considered was being offered too cheaply. Later the corporation would sell the coffee more advantageously.

Although the corporation has an initial capital of only about $150,000, it expects to be able to draw on financial resources totaling $400 million from a variety of sources including revolving credit and central bank assistance. No private capital would be employed.

The company will be ready to start operations in the world coffee market once remaining formalities have been settled.

World Coffee Producers Agree on Market Controls

About 30 of the world's coffee producers agreed August 30, 1973, to withhold 5.5 million bags (132 lb. each) of coffee from the world market in the 1973-74 coffee year in an attempt to obtain "reasonable prices." This represents 10 percent of the average exports of the past 3 years. These producers, accounting for about 80 percent of the world's coffee production, expect to supply the market with 52.5 million bags out of estimated import consumption needs of 56.5 million bags in 1973-74.

Describing their marketing system as one of "controlled retention," each producing country will either deposit in a bonded warehouse, the coffee it has been allocated to retain, or acquire a bank guarantee as proof that the coffee exists. Those documents must then be sent to an eight-member administrative board as evidence of compliance with the retention plan.

On August 31, a committee of Robusta coffee producers, set up last month by the Inter-African Coffee Organization, privately agreed not to sell Robusta below a minimum, though unspecified, price level. The committee also agreed to limit first quarter sales of Robusta to an undisclosed level below the Robusta quarterly share of the 52.5 million bags agreed upon at the producer conference. The Robusta share of that quota is estimated at 14.3 million bags for 1973-74.

These actions are aimed at improving Robusta prices and bringing down stocks of Robusta coffee in consumer hands—estimated by the committee to exceed "normal" levels by about 2 million bags.

DAIRY AND POULTRY

Yugoslavia Boosts Powdered Egg Price

A new selling price for powdered eggs was recently approved by the Government of Yugoslavia to reduce the price gap between powdered and fresh eggs. The new price of US$1.98 per pound of powdered eggs is 72 U.S. cents higher than the old price set in 1970. The previous, unfavorable price for powdered eggs resulted in inadequate production, which in 1972 amounted to only 700 metric tons, while domestic requirements are estimated at about 1,000 tons. With the new price, self-sufficiency in powdered eggs is expected to be achieved during the current year.

Although the supply of poultry meat and eggs on the local Yugoslav market is normal, increased demand for these commodities, resulting from severe domestic beef and pork shortages during the past few months, has created a deficiency.

Yugoslavia imported 1,997 tons of poultry meat in 1972 and has a contingent import quota for broilers in 1973 of 5,000 tons. It has been a net exporter of eggs and egg products in recent years.

Poultrymen Close Hatching, Breeding Operations in Trinidad-Tobago

The Trinidad and Tobago Poultry Association announced on August 22 the immediate closing of all hatching and breeding operations for an indefinite period, largely because the Government had not acted on the broiler industry's request of several months ago for an increase in the retail price ceiling for chicken meat.

The Association cited the price-cost squeeze experienced since early 1973, which has caused a 50-percent drop in output despite price increases of 6-8 cents per pound granted by the Cabinet in early April for major poultry items. The poultry industry claims that continued increases in feed prices have forced production costs up to a point where ceiling prices for chicken meat no longer allow a profit.

Current retail ceiling prices per pound are 45 U.S. cents for live broilers, 57 U.S. cents for frozen chicken, and 58 U.S. cents for chilled chicken.

TOBACCO

Australia Increases Tobacco Taxes

Australia's 1973-74 national budget provides for excise-tax increases ranging from 22 to 25 percent on domestic and imported tobacco products. In the case of cigarettes, the increase would push up prices by about 7 U.S. cents per pack of 20.

The budget also proposes reductions in the wastage allowances on imported leaf which would offset most of the cost benefit of Australia's recent unilateral import duty reduction of 25 percent. The new duty rebate for wastage on imported cigarette tobacco would be reduced from 15 percent to 1 percent of the duty payable. Manufacturers would thus pay a net duty equivalent to about US$1.66 per kilogram rather than the $1.42 which would result if the wastage allowance were to remain at 15 percent.

In 1972, the United States exported to Australia nearly $16 million worth of unmanufactured tobacco and about $4 million of cigarettes and other tobacco products.

Japan Markets Foreign Cigarettes Under Cross-License Arrangements

New brands of Marlboro and Old Splendor cigarettes, made under license arrangements by Japan Monopoly Corporation (JMC) with Philip Morris Company, U.S.A., and the Austrian Monopoly Corporation, went on sale in Japan September 15, 1973. These brands sell for about 57 U.S. cents per pack compared with the price of other imported brands now selling in Japan at about 64 cents and 60 cents, respectively.

JMC's brand, to be manufactured and sold by Philip Morris Company in the United States, has not yet been announced. Hi-Lite Export, the Japanese brand made under license by the Austrian Monopoly, will go on sale soon in Austria.

These cross-license brands are being initiated by JMC in an effort to market higher quality cigarettes in Japan and to protect the domestic market from excessive imports of manufactured products. Also, the Japanese are interested in improving their blending and processing techniques in line with that now being used by foreign manufacturers.

U.S. exports of cigarettes to Japan in fiscal 1973 totaled 1,419 million pieces with a value of $8.5 million.

Yugoslavia's Tobacco Leaf Output Increases in 1973

As this year's tobacco harvest draws to a close, early unofficial estimates place Yugoslavia's 1973 tobacco crop at 159 million pounds, up 10 percent from the 145 million pounds produced in 1972. The 135,905-acre area is about the same as 1972's and the increased production is primarily because of higher yields resulting from the rapid increase in flue-cured and burley acreage. These types produce higher yields than the traditional oriental and semioriental varieties whose acreages are expanding at a slower pace. Combined flue-cured and burley production is estimated at 44 million pounds or about 28 percent of the total crop.

The United States took more than 15 million pounds of oriental-type leaf from Yugoslavia in fiscal 1973. U.S. exports to Yugoslavia totaled 814,000 pounds valued at $871,000 during fiscal 1973.

East German Plants To Make West German Cigarettes

West German cigarette manufacturers have recently made license arrangements permitting the East German industry to assemble such components as prepared tobacco blends and to manufacture Western cigarette brands. West German cigarettes such as HB, Peter Stuyvesant, and Lord Extra, have enjoyed growing favor in the German Democratic Republic and have become convenient foreign-exchange earners.

The West German industry is optimistic about consumer acceptance of their cigarettes in East Germany and hints at a need for more quality U.S. tobacco in this market. Contracts for additional West German brands are expected soon.

FRUIT, NUTS, AND VEGETABLES

Argentina Reports 1972–73 Fruit Output, Exports Down

Argentina's production of deciduous fruits in 1972-73 was down at least 50 percent below a year earlier, the Ministry of Agriculture said in its final estimate July 25. Severe frost and hailstorms during October 1972 caused a drop in apple and pear production of 55 and 56 percent, respectively. Peach production was down 66 percent.

The loss triggered a sharp decline in exports and an increase in both domestic and export prices. Exports of deciduous fruits during the first 6 months of 1973 were 74 percent below the same period last year, totaling only 2.7 million boxes.

Other Foreign Agriculture Publications

- U.S. Seed Exports at Record $75.7 Million in 1972-73 (FFVS-2)
- U.S. Cotton Exports in 1972-73 Were Second Highest in 10 Years (FC-2-73)

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Soviet Livestock and Dairy Marketings Gain Despite 1972 Feed Crop Losses

Despite feed crop failures in 1972, which caused the Soviet Government to lower 1973 production goals for meat and milk, livestock and dairy marketings were up during fiscal 1973, according to data recently released by the USSR Central Statistical Administration. Production goals for 1973 reportedly were lowered to ensure growth of livestock numbers in order to attain planned meat and milk output for 1974-75.

The Soviets have been emphasizing expansion of livestock and dairy production to meet rising consumer demand and large imports of feedgrains have been necessary due to the poor harvest of 1972.

Gross weight of livestock marketed to the Government during fiscal 1973 totaled 14.9 million tons, up 300,000 tons from fiscal 1972. However, Government purchases of livestock dipped slightly from 6.9 to 6.8 million tons during the first half of calendar 1973, compared with the first half of calendar 1972. The shortfall came during the first quarter, and the total for April-June was actually up from 1972 levels. Distress slaughter does not seem to have been a significant contributor to this increase as apparent gains in July 1 inventories have been registered for all categories of livestock, possibly excepting hogs. (No data are available on private holdings of hogs.)

Although marketing of livestock increased during fiscal 1973, there was probably no corresponding production gain, since reported volume of farm slaughter has declined over the past 3 calendar years. Meat output of state and collective farms edged up by 1 percent during the first half of calendar 1973, compared with the first half of 1972, but this gain was probably offset by declines in production of private plots. On state and collective farms, the increases were 5 percent for beef, 10 percent for mutton, and 14 percent for poultry. Pork output was down.

Milk marketed to the Government during fiscal 1973 increased to 49.9 million from 48.5 million tons last year. Purchases stagnated during July-December 1972 but increased by 1.5 million tons during January-June over the equivalent period last year, with most of the gain occurring during the April-June quarter.

Since farm retention of milk has declined during the past 4 calendar years, the increase in milk marketing was not necessarily accompanied by an increase in production. However, milk production on state and collective farms increased by 6 percent during January-June 1973 compared with the first half of 1972, and this gain may have been sufficient to offset declines in the private sector. Milk yields on state and collective farms gained 2 percent.

Industrial production of butter during January-June 1973 reached 597,000 tons, compared with 515,000 tons during the corresponding period of 1972. Fiscal 1973 production reached 1.163 million tons, up 86,000 tons from fiscal 1972.

Apparently, supplies of milk for other dairy products were diverted into the increased butter production. At normal processing rates, more than the total increase in milk purchases would have been necessary for this boost in butter output. Also, farm retention of milk probably decreased even further. As a part of these changes, cheese output jumped 11 percent during January-June 1973.

Largest gains in Government buying were in the egg sector, where the Government revised 1973 production goals upward from 46.8 to 47.5 billion. Purchases during fiscal 1973 reached 25.9 billion, compared with 23 billion in fiscal 1972. Farm supplies as well as marketing have shown marked increase. Egg production on state and collective farms shot up 13 percent during January-June 1973, and rates of laying increased by 5 percent.

—By David M. Schoonover
Foreign Demand and Competition Division, Economic Research Service

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